



June 18, 2009

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, MS 25A
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

Final Report—San Mateo County, California Integrated Waste Management Board Waste Tire Enforcement Grant Audits

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the following San Mateo County (County) Environmental Health Division's Waste Tire Enforcement grants:

<u>Grant Agreements</u>	<u>Audit Period</u>	<u>Awarded</u>
TEA12-05-27	June 30, 2006 through June 30, 2007	\$ 266,743
TEA14-06-17	June 30, 2007 through June 30, 2008	\$ 174,100

The enclosed report is for your information and use. The County's response to the report finding is incorporated into this final report. The County agreed with our finding and we appreciate its willingness to implement corrective actions. The finding in our report is intended to assist management in improving the effectiveness and efficiency of its operations.

In accordance with Finance's policy of increased transparency, the final report will be placed on our website. We appreciate the assistance and cooperation of the County's staff. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Dean Peterson, Director, San Mateo County Environmental Health Division
Ms. Lorraine Lew, Health Services Manager, San Mateo County Environmental Health Division
Mr. William Lent, Hazardous Materials Program Supervisor, San Mateo County Environmental Health Division
Ms. Marjorie Terrell, Hazardous Materials Specialist, San Mateo County Environmental Health Division
Ms. Shirley Willd-Wagner, Manager, Financial Assistance Division, California Integrated Waste Management Board
Ms. Susan Villa, Branch Manager, Administration and Finance Division, California Integrated Waste Management Board
Mr. Jim Lee, Branch Manager, Waste Compliance and Mitigation Program, California Integrated Waste Management Board
Mr. Carl Coaxum, Associate Management Auditor, Audit and Evaluation Unit, California Integrated Waste Management Board

A GRANT AUDIT

County of San Mateo

Grant Agreements
TEA12-05-27 and TEA14-06-17



Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Rick Cervantes, CPA
Supervisor

Staff
Ayesha Dhiman

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 96814
(916) 322-2985

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BACKGROUND

California generates over 40 million waste tires annually. The stockpiling and illegal dumping of waste tires creates a potential threat to public health. As the state's recycling and waste reduction authority, the California Integrated Waste Management Board (Board) implements programs to reduce waste generation, divert materials from landfills, recover resources, remediate illegal sites, and ensure compliance with applicable state standards. In 1989, the Legislature enacted the California Tire Recycling Act to address the need to manage the waste grants. The Waste Tire Enforcement Grants program provides funding for waste tire enforcement activities.

The County of San Mateo (County) is located in the San Francisco Bay Area. The County's Environmental Health Department ensures a safe and healthful environment in the County's 20 cities and unincorporated areas through education, monitoring, and enforcement of a variety of regulatory programs as well as ongoing services to the community. The County's Environmental Health Division is responsible for the Waste Tire Enforcement grants.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of the County's Waste Tire Enforcement grants listed below.

<u>Grant Agreements</u>	<u>Audit Period</u>	<u>Awarded</u>
TEA12-05-27	June 30, 2006 through June 30, 2007	\$266,743
TEA14-06-17	June 30, 2007 through June 30, 2008	\$174,100

The audit objective was to determine whether the County's grant expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The County is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Board is responsible for evaluating the efficiency and effectiveness of program operations.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and grant requirements, we performed the following procedures:

- Interviewed key personnel.
- Obtained an understanding of the grant related internal controls.
- Examined the grant files.
- Reviewed the County's accounting records.
- Determined whether a sample of expenditures were:
 - Allowable
 - Grant related
 - Incurred within the grant period
 - Supported by accounting records
 - Properly recorded
 - Not also billed to other Board grants

The results of our audit are based on our review of documentation and other information made available to us. The audit was conducted from November 2008 through April 2009.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and recommendations.

Based on the audit procedures performed, we identified \$56,924 in ineligible inspection costs related to grant agreement TEA12-05-27. For grant agreement TEA14-06-17, the County met the fiscal requirements. The claimed, audited, and questioned amounts for each grant and the related finding are presented below.

Table 1: Schedules of Claimed, Audited, and Questioned Amounts

Grant Agreement TEA12-05-27			
For the Period June 30, 2006 through June 30, 2007			
Categories	Claimed	Audited	Questioned
Inspections/Surveillance	\$ 85,814	\$ 28,890	\$ 56,924
Community/Industry Education	4,869	4,869	0
Grantee Training	13,124	13,124	0
Report Writing	5,965	5,965	0
Transportation	1,020	1,020	0
Misc./Indirect Costs	0	0	0
Total	\$ 110,792	\$53,868	\$ 56,924

Grant Agreement TEA 14-06-17			
For the Period June 30, 2007 through June 30, 2008			
Categories	Claimed	Audited	Questioned
Inspections	\$24,115	\$24,115	\$ 0
Surveillance	140	140	0
Community/Industry Education	1,400	1,400	0
Grantee Training	16,580	16,580	0
Report Writing	4,200	4,200	0
Equipment	0	0	0
Transportation	1,343	1,343	0
Misc./Indirect Costs	0	0	0
Total	\$47,778	\$47,778	\$ 0

FINDING 1: The County Claimed \$56,924 in Ineligible Inspection Costs for Grant Agreement TEA12-05-27

The County claimed and was paid \$56,924 for ineligible personnel expenditures because estimated hours to conduct site inspections were used instead of the actual time. The grant agreement, Exhibit B, Section 6.c.2, states that personnel expenditures must be computed based on actual time spent on grant activities.

The employees did not record the actual time for the inspections and the County charged three hours for each inspection based on the grant agreement budget. The County informed us that the estimate was high and the average time was approximately one hour per inspection. The two hour difference was multiplied by the number of claimed inspections and the billed hourly rate to calculate the \$56,924 in questioned costs (2 hours x 266 inspections x \$107 billed rate).

Recommendation: The County should ensure that personnel expenditures are claimed based on actual time spent on grant activities and reimburse the California Integrated Waste Management Board \$56,924 for the ineligible costs claimed.



SAN MATEO COUNTY
HEALTH SYSTEM

May 15, 2009

Mr. David Botelho, CPA
Chief, Office of State Audits and Evaluations
Department of Finance
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 95814-3706

RE: Draft Report – San Mateo County, California Integrated Waste Management Board
Waste Tire Enforcement Grant Audits

Dear Mr. Botelho,

Thank you for providing San Mateo County the opportunity to review and respond to the draft audit findings for CIWMB Agreements TEA12-05-27 and TEA14-06-17.

The overall report is complete and accurate. I would like to request that the audit report reflect that we made the appropriate tracking and reporting changes for TEA -14 and continue, to date, to only charge actual hours.

Sincerely,

Original signed by:

Dean D. Peterson, PE, REHS
Director, Environmental Health

Cc: Lorraine Lew, REHS, Health Services Manager
William Lent, Program Supervisor

EVALUATION OF RESPONSE

We received the County's response to our audit of the Waste Tire Enforcement grant agreements TEA12-05-27 and TEA14-06-17. As indicated in the Results section of the report, the County met the fiscal requirements for grant agreement TEA14-06-07.

The finding and recommendation pertain to grant agreement TEA12-05-27. The County indicated the report was complete and accurate. Therefore, we continue to recommend the County reimburse the Board \$56,924 for the ineligible inspection costs claimed.